



# *The Insider*

[www.senate.michigan.gov/switalski](http://www.senate.michigan.gov/switalski)

## **Inside State Politics with State Senator Mickey Switalski Senate District 10**

**May 29, 2009**

Welcome to the electronic version of *The Insider*. I would like to take the opportunity to thank you for your support and giving me an opportunity to represent you in the Michigan Senate. It is my sincere hope that this bi-weekly e-newsletter will keep you informed of the happenings in Lansing while staying true to the traditional style of *The Insider*. If you would like to contact me, please feel free to e-mail me at [senmswitalski@senate.michigan.gov](mailto:senmswitalski@senate.michigan.gov) or call me at my Roseville or Lansing office. You can also meet me in person during my constituent hours, coming to a location near you. Call my office and make an appointment or just walk in. See the schedule below for details.

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### **Mickey's Blog: Revenue Sharing Cuts**

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Earlier this month, I voted in favor of the Governor's Executive Order budget cuts, which totaled some \$304 million. Some of these painful cuts I briefly outlined in the last issue of the *Insider E-newsletter*. But one of the more difficult cuts in the Executive Order was the \$41 million cut to Revenue Sharing, money that the state collects that goes to local governments and is used to fund important services, such as police and fire.

I voted for these cuts with great reluctance, but with the state's economy struggling and the budget picture dicey, I would like to explain why they were necessary.

Like local governments, the state has a constitutional mandate to balance its budget each year. When revenues slipped below last May's official projections, the Governor issued and the Legislature approved an Executive Order cut of over \$100 million in January 2009. Those earlier cuts spared Revenue Sharing.

But the negative economic trends have continued. State revenue from tax collections ran \$100 million below this January's estimates in each of the first three months of this year. Based on this deterioration, the state estimated an impending Fiscal '09 deficit of \$795 million in April which continues to grow.

The state Budget Director began meeting with Appropriations leaders from both the House and Senate, minority and majority, in early April. I represented the Senate Democrats. We began to negotiate on a second E.O., which, combined with judicious use of stimulus dollars, would eliminate the \$795 million deficit and put us on a glide path to a sustainable budget in two years when stimulus dollars are no longer available.

The pace of negotiations hastened as revenues evaporated. April had been especially unkind. In addition to the Declaration of Bankruptcy by Chrysler, and the weakening and the potential filing of bankruptcy

for GM, state tax collections took an additional precipitous dive. April is an important month for the State Treasury. April 15<sup>th</sup> income taxes are due, along with Business taxes and quarterly estimated taxes. Near the end of April, it became clear that the deficit had grown by a whopping \$500 million. The impending deficit was now \$1.3 Billion.

It may be cold comfort to know that Revenue Sharing was off the table until the final days. We were reluctant to cut this important source of local funds because we know local governments are already struggling with declining property tax revenue. But it is time for all of us to come to grips with some harsh new realities.

The Constitution guarantees locals 15% of the first 4 cents of sales tax. But sales tax has declined 8%. So the state has been increasing its discretionary portion of Revenue Sharing in order to maintain the level of payments. Unfortunately, the state's total revenue has declined by 21%. We are no longer able to sustain Revenue Sharing and other important programs at its current level. I know that cuts to Revenue Sharing will result in disruptions at the local level but we are facing the same disruptions in state government. For the first time in over 30 years, the state will be laying off significant numbers of employees.

As we prepare budgets for the next fiscal year beginning in October, the economy continues to struggle and budget revenues continue to decline. On May 15<sup>th</sup>, representatives from the Department of Treasury, the House Fiscal Agency, and the Senate Fiscal Agency came up with their Consensus Revenue Estimate, which is used to help establish parameters for next fiscal year's budgets. According to the Consensus Revenue Estimate, revenues for the upcoming fiscal year are expected to come in at about \$1.7 billion less than what was estimated to come in during the January 2009 Revenue Estimating Conference. As a result, additional painful cuts and reforms are on the horizon. To view an analysis of the Consensus Revenue Estimate, check out the following link:  
<http://www.senate.michigan.gov/sfa/Publications/BudUpdates/YearEndBalance.pdf>

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## **Mickey's Ends and Notes**

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### **SMOKING BAN PASSES MICHIGAN HOUSE**

The Michigan House, on May 26<sup>th</sup>, passed legislation that would make Michigan the 37<sup>th</sup> state in the United States to ban smoking in most indoor places, including bars and restaurants. House Bill No. 4377, which passed on a 73-31 vote, includes exemptions for cigar bars, tobacco specialty retail stores, and casinos. The bill now heads over to the Michigan Senate for further consideration.

Last year, I voted in favor of a comprehensive smoking ban that passed the Michigan Senate. The Michigan House passed legislation that contained exemptions similar to those currently contained in House Bill No. 4377. An agreement on the extent of the ban was not reached prior to the end of the last legislation term and while supportive of a comprehensive ban, it may come down to providing exemptions in some form in order for the bill to gain enough legislative support to go to Governor Granholm, who said she would sign such legislation if given the opportunity.

### **GOVERNOR GRANHOLM SIGNS FORECLOSURE PREVENTION LEGISLATION**

Governor Granholm recently signed into law legislation that would help prevent home foreclosures by providing additional protections to homeowners. Under House Bill Nos. 4453, 4454, and 4455, homeowners would be protected from foreclosures for 90 days if they request a meeting with a designated representative of the lender within 14 days of receiving a foreclosure notice and would require lenders to work with homeowners to renegotiate payments. In addition, the bills would give homeowners that qualify for home loan modifications the ability to go to court to potentially help

renegotiate terms if a lender chooses to not cooperate in modifying payments. The legislation also requires lenders to send a notice of foreclosure to all homeowners, where in the past they were under no obligation to notify the borrower.

### **FREE RX CARD**

The Michigan Retailers Association is offering a new program that would help people save money on prescription drugs. The Free Rx Card is available and free to everyone, with no age, income, or other eligibility requirements. Cardholders will be able to receive discounts averaging 35 % off the cost of a prescription, with savings of up to 75 % off generic prescriptions.

More than 2,000 pharmacies in Michigan - including all major chains and many independents - are participating in the program. Anyone can obtain a card by visiting the Michigan Retailers Association website at [http://www.retailers.com/memberservices/rxc\\_card\\_form.html](http://www.retailers.com/memberservices/rxc_card_form.html) and downloading a card. The website also can be used to locate a nearby participating pharmacy and to determine the discounted price.

In addition, Pfizer Inc. announced earlier this month a new program to provide free medicine for newly unemployed residents and their families. The program is open for enrollment through December 31, 2009, and applies to people who have become unemployed since January 1, 2009, prescribed and taking a Pfizer medicine for at least 3 months prior to becoming unemployed and enrolling in the program, lack prescription drug coverage and can attest to financial hardship. For more information, contact Pfizer at #1-866-706-2400 or visit their website at [www.PfizerHelpfulAnswers.com](http://www.PfizerHelpfulAnswers.com).

### **MICHIGAN PUBLIC SERVICE COMMISSION ISSUES CONSUMER ALERT ON AVAILABLE CREDITS**

The Michigan Public Service Commission (MPSC) has issued a consumer alert on credits that electric customers may be eligible for after experiencing lengthy or frequent electric outages. Under certain conditions, residential customers could receive a \$25 credit. Commercial and other customers also have credits available to them based on their minimum bill. In all cases, customers should contact their electric utility to request the credit.

The MPSC's service quality and reliability standards include rules providing for outage service credits. Under these rules, there are three types of outage conditions that may qualify for a credit: catastrophic condition outages, normal condition outages, and frequent outages. Details on the rules are available in the consumer alert, available on the MPSC's website: [www.michigan.gov/mpscalerts.com](http://www.michigan.gov/mpscalerts.com) (click on electric).

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## Coffee Hours

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\*In response to requests from constituents, I have added coffee hours in Roseville and during the daytime. Here are my next scheduled coffee hours. Please feel to stop on by or make an appointment by calling my office.

<b>June 29</b> <b>1:30-2:30 p.m.</b>  <b>Senator Switalski's District Office</b> (31513 Gratiot, Suite B) Roseville	<b>July 27</b> <b>7-8 p.m.</b>  <b>Clinton-Macomb Public Library</b> (35891 South Gratiot) Clinton Township
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## Mickey's TV Insider Show

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Check out my TV Insider Show coming to a television station near you. Watch me interview local guests about politics, life, issues and concerns to our district.

### **Sterling Heights**

Every Saturday and Sunday at 1 p.m.  
(Comcast Channel 5/WOW Channel 10)

### **Utica**

Every Wednesday at 9 a.m.  
(Comcast Channel 5/WOW Channel 10)

### **Clinton Township**

Last week of every month- Sat thru Thurs  
(Comcast Channel 5/WOW Channel 10)

### **Roseville**

Various Times-check local listings  
(Comcast Channel 18/WOW Channel 10)

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## Contact My Office

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**Website:** <http://www.senate.michigan.gov/switalski>

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### **Lansing Office**

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